



BILLING CODE 4000-01-U

DEPARTMENT OF EDUCATION

**Annual Notice of Interest Rates for Federal Student Loans
Made under the William D. Ford Federal Direct Loan Program
Prior to July 1, 2013**

AGENCY: Federal Student Aid, Department of Education (ED).

ACTION: Notice.

DATES: This notice is applicable **[INSERT DATE OF
PUBLICATION IN THE FEDERAL REGISTER]**.

SUMMARY: The Chief Operating Officer for Federal Student Aid announces the interest rates for loans made under the William D. Ford Federal Direct Loan (Direct Loan) Program prior to July 1, 2013. For loans that have a variable interest rate, the rates announced in this notice are in effect for the period July 1, 2017, through June 30, 2018. The Chief Operating Officer takes this action to give notice of Direct Loan interest rates to the public.

FOR FURTHER INFORMATION CONTACT: Rene Tiongquico, U.S. Department of Education, 830 First Street, NE., 11th floor, Washington, DC 20202. Telephone: (202) 377-4270 or by email: Rene.Tiongquico@ed.gov.

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotape, or compact disc) on request to the contact person listed under **FOR FURTHER INFORMATION CONTACT.**

SUPPLEMENTARY INFORMATION: Catalog of Federal Domestic Assistance (CFDA) Number: 84.268.

Section 455(b) of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. 1087e(b)), specifies the interest rates charged to borrowers for Federal Direct Subsidized Stafford/Ford Loans (Direct Subsidized Loans), Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans), Federal Direct PLUS Loans (Direct PLUS Loans), and Federal Direct Consolidation Loans (Direct Consolidation Loans), collectively referred to as "Direct Loans." The interest rates for Direct Loans may be variable or fixed.

Variable-Rate Direct Loans

Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans that were first disbursed before July 1, 2006, and Direct Consolidation Loans for which the application was received before February 1, 1999, have

variable interest rates that are determined each year in accordance with formulas specified in section 455(b) of the HEA. The variable interest rate formula that applies to a particular loan depends on the date of the first disbursement of the loan or, for some Direct Consolidation Loans, the date the application for the loan was received. The variable rates are determined annually and are effective for each 12-month period beginning July 1 of one year and ending June 30 of the following year.

Except for Direct PLUS Loans that were first disbursed before July 1, 1998, the variable interest rates for most types of Direct Loans are based on formulas that use the bond equivalent rates of the 91-day Treasury bills auctioned at the final auction held before June 1 of each year, plus a statutory add-on percentage. In each case, the calculated rate is capped by a maximum interest rate. The bond equivalent rate of the 91-day Treasury bills auctioned on May 30, 2017, which is used to calculate the interest rates on these loans, is 0.976 percent rounded up to 0.98 percent.

The interest rate for Direct PLUS Loans that were first disbursed on or after July 1, 1994, and before July 1, 1998, is based on the weekly average of the one-year constant maturity Treasury yield, as published by the Board

of Governors of the Federal Reserve System for the last day of the calendar week ending on or before June 26 of each year, plus a statutory add-on percentage. The calculated rate is capped by a maximum interest rate. The weekly average of the one-year constant maturity Treasury yield published on June 26, 2017, which is used to calculate the interest rate on these loans, is 1.22 percent.

Charts 1 through 4 in this notice show the interest rates for variable-rate Direct Loans that are in effect for the period July 1, 2017, through June 30, 2018.

Chart 1 – Variable-Rate Direct Subsidized and Direct Unsubsidized Loans Interest Rates in Effect for the Period 7/1/2017 through 6/30/2018							
Cohort		Max. Rate	Index Rate	Margin		Total Rate	
First Disbursed On or After	First Disbursed Before		91-Day T- Bill Rate	In-School, Grace, Deferment	All Other Periods	In-School, Grace, Deferment	All Other Periods
7/1/1994	7/1/1995	8.25%	0.98%	3.10%	3.10%	4.08%	4.08%
7/1/1995	7/1/1998	8.25%	0.98%	2.50%	3.10%	3.48%	4.08%
7/1/1998	7/1/2006	8.25%	0.98%	1.70%	2.30%	2.68%	3.28%

Chart 2 – Variable-Rate Direct PLUS Loans Interest Rates in Effect for the Period 7/1/2017 through 6/30/2018						
Cohort		Max. Rate	Index Rate		Margin	Total Rate
First Disbursed On or After	First Disbursed Before		91-Day T-Bill Rate	1-Year Constant Treasury Maturity		
7/1/1994	7/1/1998	9.00%	-	1.22%	3.10%	4.32%
7/1/1998	7/1/2006	9.00%	0.98%	-	3.10%	4.08%

Chart 3 – Variable-Rate Direct Subsidized and Direct Unsubsidized Consolidation Loans Interest Rates in Effect for the Period 7/1/2017 through 6/30/2018

Cohort		Max. Rate	Index Rate	Margin		Total Rate	
First Disbursed On or After	First Disbursed Before		91-Day T-Bill Rate	In-School, Grace, Deferment	All Other Periods	In-School, Grace, Deferment	All Other Periods
7/1/1994	7/1/1995	8.25%	0.98%	3.10%	3.10%	4.08%	4.08%
7/1/1995	7/1/1998	8.25%	0.98%	2.50%	3.10%	3.48%	4.08%
7/1/1998	10/1/1998	8.25%	0.98%	1.70%	2.30%	2.68%	3.28%
First Disbursed On or After	Application Received Before						
10/1/1998	10/1/1998	8.25%	0.98%	1.70%	2.30%	2.68%	3.28%
Application Received On or After	Application Received Before						
10/1/1998	2/1/1999	8.25%	0.98%	2.30%	2.30%	3.28%	3.28%

Chart 4 – Variable-Rate Direct PLUS Consolidation Loans Interest Rates in Effect for the Period 7/1/2017 through 6/30/2018								
Cohort		Max. Rate	Index Rate		Margin		Total Rate	
First Disbursed On or After	First Disbursed Before		91-Day T-Bill Rate	1-Year Constant Treasury Maturity	In-School, Grace, Deferment	All Other Periods	In-School, Grace, Deferment	All Other Periods
7/1/1994	7/1/1998	9.00%	-	1.22%	3.10%	3.10%	4.32%	4.32%
7/1/1998	10/1/1998	9.00%	0.98%	-	3.10%	3.10%	4.08%	4.08%
First Disbursed On or After	Application Received Before							
10/1/1998	10/1/1998	9.00%	0.98%	-	3.10%	3.10%	4.08%	4.08%
Application Received On or After	Application Received Before							
10/1/1998	2/1/1999	8.25%	0.98%	-	2.30%	2.30%	3.28%	3.28%

Fixed-Rate Direct Loans

Direct Subsidized Loans, Direct Unsubsidized Loans,
and Direct PLUS Loans first disbursed on or after July 1,

2006, and before July 1, 2013, and Direct Consolidation Loans for which the application was received on or after February 1, 1999, have fixed interest rates. The fixed interest rates for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2006, and before July 1, 2013, and Direct Consolidation Loans for which the application was received on or after February 1, 1999 may be found in a *Federal Register* notice published on October 3, 2016 (81 FR 68003), under the heading "Chart 5--Fixed-Rate Direct Subsidized, Direct Unsubsidized, Direct PLUS Loans, and Direct Consolidation Loans First Disbursed On or After 7/1/2006 and Before 7/1/2013."

Interest rates for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2013, and before July 1, 2018, are published in earlier *Federal Register* notices, as follows:

- For loans first disbursed on or after July 1, 2013, and prior to July 1, 2014, see 78 FR 59011.
- For loans first disbursed on or after July 1, 2014, and prior to July 1, 2015, see 79 FR 37301.
- For loans first disbursed on or after July 1, 2015, and prior to July 1, 2016, see 80 FR 42488.

- For loans first disbursed on or after July 1, 2016, and prior to July 1, 2017, see 81 FR 38159.
- For loans first disbursed on or after July 1, 2017, and prior to July 1, 2018, see 82 FR 29062.

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Program Authority: 20 U.S.C. 1087 et seq.

Dated: August 14, 2017.

A. Wayne Johnson,

Chief Operating Officer,

Federal Student Aid.

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